



# Los Angeles County AUDIT COMMITTEE

Carl Gallucci, Chair  
4th<sup>d</sup> District  
Louisa Ollague, Vice-Chair  
1<sup>st</sup> District  
Vacant  
2<sup>nd</sup> District  
Genie Chough  
3<sup>rd</sup> District  
Lori Glasgow  
5<sup>th</sup> District

## MINUTES JANUARY 15, 2009

Chair Carl Gallucci called the meeting to order at 10:40 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

### Committee Members Present

Carl Gallucci, Chair, Fourth District  
Louisa Ollague, Vice Chair, First District  
Vincent Harris, Second District  
Genie Chough, Third District  
Lori Glasgow, Fifth District

### Others in Attendance

Maria Oms, Auditor-Controller  
Jim Schneiderman, Auditor-Controller  
Don Chadwick, Auditor-Controller  
Lee Millen, Board of Supervisors  
Andrew Sevrin, Board of Supervisors

### **APPROVAL OF DECEMBER 18, 2008 MINUTES**

On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the minutes of December 18, 2008, were approved as submitted.

### **Old Business**

Review of Board Policy No. 5.150 – Oversight of Information Technology Contractors (10/07/08):

**On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its February 19, 2009 Audit Committee meeting.**

Review of Board Policy No. 3.050 – Identification Cards (11/07/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its February 19, 2009 Audit Committee meeting.**

Proposition A Contract – Department of Public Social Services Gain Case Management Services (November 18, 2008 Board Agenda Item 25) (11/14/08): Jim Schneiderman reported that the current threshold limit for Proposition A contracts, renewals, and amendments is \$1 million. The threshold limit can be lowered to possibly \$500,000, however, it would increase the number of contracts for review by nineteen, but increase the total dollar amount that is reviewed to 87%.

Maria Oms added that the Departments have been doing very well with their contracts. Louisa Ollague noted her concerns in lowering the threshold in response to a worsening economy. The threshold could be changed to an as-needed basis for a year until a pattern is seen of the same contractors.

In response to Ms. Ollague, Jim Schneiderman reported that the Auditor-Controller does not have the responsibility to lower amounts that contractors request during the contract negotiation process; that responsibility lies with the Departments. In response to Carl Gallucci, Maria Oms explained that if there is a savings from non-contracted funds the State and Federal government retain it, not the County. Don Chadwick added that if the Committee wanted the solicitation process changed County Counsel's review would be required. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its February 19, 2009 Audit Committee meeting.**

Status Report on Los Angeles County Office of Education Juvenile Court Schools Programs Funding Utilization (Board Agenda Items 6 and 47-E, October 14, 2008) (12/05/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

#### **Reports to be Received and Filed**

Foothill Family Service Contract Compliance Review – A Wraparound Program and Department of Mental Health Service Provider (12/11/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Serra Ancillary Care Corporation Contract Review – A Department of Public Health HIV/AIDS Care Service Provider (12/19/08): Don Chadwick reported that an audit was completed on this facility concurrently with the Palms Residential Care Facility, another fixed fee contract home. All contracts were originally cost reimbursement-based, however, it became an administrative burden and fixed fee contracts were drafted. The County does not have a provision in its contract that enables the recouping of funds not spent in program-related activities. As a result, the Auditor-Controller met with County Counsel in December 2008 to discuss fixed fee contracts; County Counsel will be provided a listing in late January-early February 2009 of fixed fee contractors who have contracted with various social service departments. Staff will discuss a recommended strategy to implement language that will mandate that contract funds need to be channeled into the program.

Louisa Ollague recalled that the last time fixed fee contractors was an issue she recommended language into contracts that would require "funds be used according to the terms of the contract." In response to Lori Glasgow, Jim Schneiderman advised that in the case of transportation for therapy, contracts allow for a personal preference of transportation provided it is restricted to a related need.

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Consultant's Review of County Commissions (12/19/08): In response to Lori Glasgow on the intent given by receiving and filing this report, Maria Oms advised that it would simply acknowledge that the Committee has read the report; the CEO will review and report back to the Board. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Department of Community and Senior Services – Fiscal Monitoring of Workforce Development Program Service Providers for Fiscal Year 2006-2007 (12/22/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Department of Health Services Harris-Rodde Settlements – Average Length of Stay and Emergency Department Boarding Time Review for Quarters Ended March 31, 2008 and June 30, 2008 (12/24/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Review of the County Treasury Statement of Net Assets For The Quarter Ended March 31, 2008 (12/24/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Revised Report – H.S. Consortium of the East San Gabriel Valley Contract (dba) LA Works – A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2006-07 (12/26/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Internal Control Certification Program for Fiscal Year 2008-09 (12/29/08): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Southeast Area Social Services Funding Authority Contract Review – A Community and Senior Services Workforce Investment Act Program Provider –Fiscal Year 2007-08 (01/08/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Asian American Drug Abuse Program Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (01/08/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

City of Palmdale Contract – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/08/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Los Angeles Urban League, Inc., City of Pomona Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/08/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

New Directions, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/08/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Van Ness Recovery House Contract Review - A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (01/09/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Summary of Proposition A Contracts (01/09/09): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

### **PUBLIC COMMENT**

There was none.

### **OTHER BUSINESS**

Los Angeles Mission College Contract – Community and Senior Services (Discussion): Maria Oms advised that Community and Senior Services (CSS) representatives requested additional time to prepare their presentation and to discuss their reports. All CSS matters are requested deferred to next month's meeting. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its February 19, 2009 Audit Committee meeting.**

Contractors Repayment Guidelines (Discussion): **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its February 19, 2009 Audit Committee meeting.**

Cash Advances To Contractors (Discussion): Jim Schneiderman advised that staff is seeking clarification on data received from Departments and will report back in a few weeks. Policy on cash advances varies for each Department. For example, the contract with G.L.A.S.S. Homes, Department of Mental Health (DMH), has \$3.5 million with a total advance received of \$1 million. Per DMH policy, the DMH is giving a three-month percentage advance, but in the case of other contracts it can be five months.

Louisa Ollague suggested that the reason the County has been so generous with advances is because of the previous fiscal viability of organizations, however, with a faltering economy there is potential for more liability than ever. Maria Oms reported that there is no set County policy on cash advances, and the County will need to address the issue on preparing for cash advances knowing that these agencies depend on them. Mr. Schneiderman noted that since agencies are non-profit, the level of resources that they need to provide for a bank loan are minimal.

Vincent Harris noted that advances granted should be based on performance and merit in addition to financial viability. Mr. Schneiderman advised that he will research and report back on whether similar language is written into Department contracts.

CSS Quarterly Report on Monitoring Recommendation Follow-Up (Discussion): Louisa Ollague suggested that the report be forwarded to the Committee in advance of the next meeting. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its February 19, 2009 Audit Committee meeting.**

**MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)**

There were none.

**ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 11:30 a.m.